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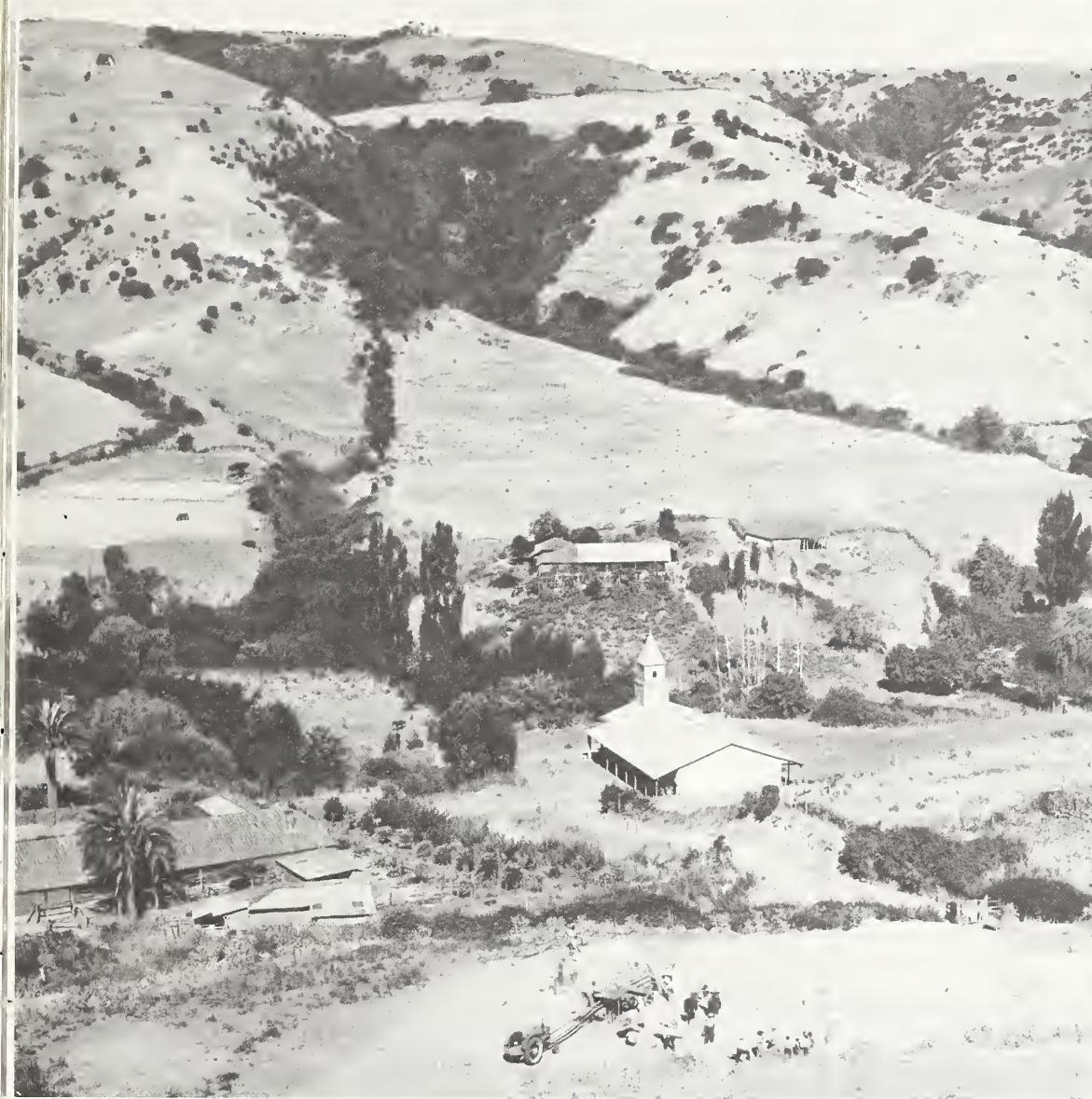
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October 20, 1969



The Colombo Plan and Asian Progress

Preview of Chile's Farm Trade

Foreign
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OF AGRICULTURE

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Valley farm in Chile's Malleco Province. Reports indicate that Chile will become increasingly dependent on imports for food. See page 9.

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The Colombo Plan— For Two Decades th

By JOHN B. PARKER, Jr.
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It has been nearly 20 years since the Hon. Percy Spender of Australia and J. R. Jayewardene of Ceylon officially presented their idea for a cooperative economic development scheme to aid certain British Commonwealth countries in Asia. The presentation was made to a conference of Commonwealth foreign ministers in January 1950 at Colombo, Ceylon.

In only a few months the idea had been materialized into the Colombo Plan, which soon became the main rallying point for foreign economic and technical assistance to South and Southeast Asia.

Current membership—24 countries

Charter members of the Plan, all Commonwealth countries, were four donor nations—the United Kingdom, Canada, Australia, and New Zealand—and three recipients—India, Pakistan, and Ceylon. Two donor members have joined since—the United States in 1951 and Japan in 1954.

Also, over the years, 15 more recipient countries have joined—so that the membership now includes all South and Southeast Asian countries except North Vietnam, plus Japan, the Philippines, Iran, and South Korea. These 15 recipient countries and the year in which each joined are: 1951—Cambodia, Laos, Vietnam; 1952—Burma, Nepal; 1953—Indonesia; 1954—the Philippines; 1959—Singapore; 1962—Bhutan and Korea; 1963—Afghanistan, Malaysia, Maldives; 1964—Thailand; and 1967—Iran.

By June 30, 1969, approximately \$30 billion had been contributed by the donor countries in carrying out Colombo Plan projects or training programs. The United States provided about 87 percent of this total. In addition, in recent years, the recipient countries themselves have spent an estimated \$6 billion annually on their own development programs.

Of the revolutionary improvements in Asian agriculture realized in the past two decades, many have stemmed from the Colombo Plan. Some of the most notable of these have been: Dramatic gains in wheat production in India, Pakistan, and Nepal; outstanding gains in rice production in the Philippines, Ceylon, West Pakistan, and parts of India; and development of modern storage and transport facilities for millions of tons of grain in India, Pakistan, and South Vietnam.

In all of the recipient countries except Singapore and the Maldives, agriculture is the leading source of national income. In Singapore, commerce and services are more important because urban facilities for 2 million people occupy most of that country's 224 square miles. In the Maldives, which also have a very small area for farming and a population of 100,000, fishing is the major source of income.

About 70 percent of the 1 billion people in the recipient

Main Force in Asian Rural Progress

countries depend on agriculture for a living. Subsistence farming still predominates in South Asia and in many of the inland areas of Southeast Asia, although commercial farming has spread considerably in the past 5 years.

The Colombo Plan is not a centrally controlled or directed development program. Rather, each donor or recipient country proceeds on its own to initiate projects or special programs, and the Plan coordinates these efforts; its theme is "Planning prosperity together." The Plan has only a small permanent staff, which is headquartered in Colombo, to coordinate and promote aid projects, technical training programs, and trade between recipient countries.

Programs coordinated through the Plan range widely—from U.S. Public Law 480 concessional sales of wheat, for example, to training of Nepalese students by Indian agricultural universities.

U.S. aid—the lion's share

Since it began carrying out its Asian foreign aid operations under the Colombo Plan in 1951 the United States has supplied about \$26 billion in aid to the Plan's recipient members; about one-third of this has gone to India. In the last decade almost half of the total U.S. aid to all countries of the world has gone to Colombo Plan countries.

Much of the U.S. aid in Asia has been accounted for by massive shipments of agricultural commodities under Public Law 480 and by shipments of industrial equipment financed through loans repayable in dollars. The United States has also been the major contributor to programs to boost food

production and improve technical knowledge of agriculture, mainly through the work of the Agency for International Development. Examples of some specific U.S. aid operations are briefed below.

- Many of the more than 4,000 American Peace Corps members working in India, Nepal, Thailand, Ceylon, Malaysia, the Philippines, and South Korea teach better methods of farming and better farm planning.

- Thousands of recipient-country native technicians—fertilizer specialists, nutritionists, and others—have been given training in the United States. Training periods have ranged from several weeks to 6 months.

- An exchange program for farm families has helped on a limited scale to update Asian farming methods. Under this program, American couples go to India, Pakistan, or the Philippines to live with farm families there for 6 weeks, and farmers from those countries come to live for 6 weeks with American farmers.

- Currently the United States has about \$4 billion in local currencies deposited in banks or on loan to governments and private firms in South and Southeast Asia. They were generated by P.L. 480 sales and are U.S.-owned. These funds are used for such beneficial purposes as: To lend to governments for financing economic development or rural development projects; to lend to private businesses for projects that contribute to economic development; to finance road construction.

- Private American foundations have worked extensively in the development of the new high-yielding varieties of wheat

Development of new high-yielding varieties of wheat and other foodgrains has been one of the major Colombo Plan accomplishments. Here Indian technician checks one of the new wheats.



Colombo Plan Meeting Underway

The 20th Meeting of the Colombo Plan Consultative Committee begins today in Victoria, British Columbia, Canada, to run through October 27. Representatives from all 24 member countries are expected. This annual meeting at which aid plans and economic cooperation are discussed is a major Colombo Plan function.

Each year discussions at the committee sessions are keyed to a special topic. This year the topic is "Mechanisms of Foreign Aid." Last year's discussions focused on trade promotion and those the year before on agricultural development.

and rice. U.S. Government programs have helped in the distribution of the rice varieties developed in the Philippines to Asian countries. In 1968 about 10 percent of the rice land of India and 25 percent of that in West Pakistan was planted to these high-yielding varieties. Very substantial progress in the use of these new varieties has also been made in South Vietnam.

Also high-yielding varieties of wheat developed in Mexico and used extensively in India and Pakistan in 1967-68 are now being spread to Afghanistan, Iran, Nepal, and other Asian countries—partly through the efforts of American farm specialists. The harvest of wheat in India and Pakistan in the spring of 1969 reached 25 million tons—50 percent above the production 2 years earlier.

- American land-grant universities cooperate with the agricultural universities of eight Indian States through the exchange of professors and through other programs designed to advance education and farm technology.

Canada's aid—most per capita

On a per capita basis, Canada's aid to Colombo Plan recipients has been higher than that of any other donor. Total Canadian aid in the past 15 years has amounted to about \$1 billion. India has received about half of Canada's Colombo Plan aid, Pakistan about one-fourth. In the past 3 years Canada has given India about 2 million tons of wheat.

In Ceylon, Canada built the new jet airport and a newsprint factory. In Pakistan, Canadian engineers played a vital role in the building of the Mangla Dam. In India, Canada has provided technical assistance in the building of a nuclear reactor and the expansion of electrical power.

Also, Canada has provided vital raw materials—aluminum, copper, wood pulp, and tallow for industrial development in South and Southeast Asia. About 3,500 Canadian technicians are working on projects there.

Canada has provided food supplies and medicine for refugees in South Vietnam through the International Red Cross.

Japan's aid increasing

Japan's share of total Colombo Plan aid provided by donor countries was about 8 percent in 1968, compared with 1 percent in 1960. Its total contributions under the plan are expected to soon reach \$2 billion.

Japan's aid activities have been important in Thailand, the Philippines, South Korea, and Indonesia, and it has scheduled significant increases in aid to other Plan recipients over

the next 3 years. Japanese technicians will help build new fertilizer factories in India, farm equipment plants in Pakistan, and food-processing facilities in the Philippines.

Technical training schools operated with Japanese assistance from Iran to the Philippines have graduated over 10,000 students. Even in the remote Himalayan country of Bhutan Japanese scientists have established an experiment station and an agricultural school.

Loans for fertilizer exports to India, garden tractors to Ceylon, and machinery to Pakistan have increased sharply in the past 3 years.

Japan has a policy of providing technical assistance in Asia for the production of commodities that Japan must import—such as corn, tropical fruits, oilseeds.

Other Commonwealth donors

The *United Kingdom* has provided over \$1 billion in aid to Colombo Plan recipient countries in the past 20 years. Most of the aid has been in the form of loans for farm machinery and farm inputs. British machinery and technical assistance have helped in the establishment and operation of Indian textile factories, some of the world's largest. Each year about 1,000 scholarships are awarded to recipient-country students for study at U. K. universities. The United Kingdom was a major contributor to the Indus Basin projects, and British technicians are sent to work in hospitals and in engineering and development projects.

Australia's Colombo Plan aid will reach \$200 million in 1970. In 1968 its contributions included wheat flour exports to India and Pakistan given to cyclone victims. Through gifts and long-term credits, Australia now sends about 150,000 tons of wheat flour to Ceylon annually.

In Burma, Australian buses have helped ease transportation problems in Rangoon. In South Vietnam, Australian engineers have helped in the construction of the Nam Ngum and Prek Thnot dams of the Mekong Basin; they have also constructed roads in Malaysia.

Also Australians have helped farmers in India, Pakistan, and Ceylon improve methods of combating livestock diseases. Over 1,200 trainees from Asian countries have received scholarships and technical training in Australian institutions. And Australia has its own version of the Peace Corps—called the Australian Volunteers Abroad Scheme—working in some of the Colombo Plan countries.

New Zealand has had a prominent role in the development of dairies and milk condenseries in South and Southeast Asia and in improving the marketing of dairy products there. Teachers from New Zealand are assigned to universities in Asia to teach medicine and agriculture. Also about 100 technicians from New Zealand are now assigned to the Colombo Plan countries.

Of the total \$40 million worth of aid contributed by New Zealand to Colombo Plan countries, most has gone to India, Malaysia, Pakistan, Thailand, and Ceylon.

India's dual status

The largest recipient of Colombo Plan aid, India has become a donor also in recent years. Today its annual donation is larger than that of Australia or New Zealand.

Over 3,500 university students from other Colombo Plan countries have received scholarships to study in India. India has built roads in Nepal and Bhutan. The agriculture univer-

sities at Ludhiana, Hyderabad, Bhubaneshwar, Bangalore, and Pantnagar provide special training for foreign students, particularly those from Nepal.

India has provided technical experts in various fields of agriculture and public administration to work in Afghanistan, Nepal, Burma, Cambodia, Ceylon, Indonesia, Laos, Malaysia, the Maldives, and South Vietnam. Both India and Nepal have cooperated in expanding irrigation in the Kosi River Project in West Bengal of India and the Terai of southeastern area of Nepal.

Donor-recipient trade

Donor countries of the Colombo Plan are the top priority markets for exports in recipient countries. These exports provide needed foreign exchange. The United Kingdom has been a preferred market for Colombo Plan recipient exporters that belong to the Commonwealth because of the Commonwealth policy of keeping import duties lower for fellow members. It is the major market for the tea of India and Ceylon and a large customer for textiles from India and Pakistan.

Total U.S. imports from Plan recipients have been about \$1.5 billion annually compared with \$3 billion in U.S. exports to the area. Much of the U.S. export total, however, has been under concessional arrangements, whereas the U. S. imports from the area have been cash purchases. American imports of light manufactures from these countries have been increasing, as have American commercial exports of farm products and complex machinery to the area.

Since 1967, U. S. P.L. 480 exports to Colombo Plan countries have declined from the peak of \$801 million reached that year, but total commercial exports have increased. In 1968, P.L. 480 exports to India and Pakistan declined, those to Indonesia, Ceylon, and the Philippines increased sharply. Some examples of growing commercial U.S. agricultural exports to these countries are: Tallow to India; tobacco to Thailand and Malaysia; flavoring to Thailand and India; wheat to the Philippines; and processed foods to South Vietnam.

About 60 percent of U.S. commercial exports of fertilizers in 1968, which totaled \$267 million, went to Colombo Plan recipient countries; shipments to India alone amounted to \$102 million. A large part of the American fertilizer exports to Asia are financed through AID commodity loans.

Colombo Plan recipient countries account for about one-tenth of the U.S. exports of aircraft and farm machinery; with an improvement in foreign exchange earnings, these purchases may increase.

The recipient countries of the Colombo Plan account for about two-thirds of the tea and over 80 percent of the natural rubber imported by the United States. They also account for most U.S. imports of cashew nuts, spices, silk, jute, jute products, guar gum, and lac.

The United States is also a priority market for the manufacturers, handicrafts, and new exports of Colombo Plan recipient countries. From 1963 to 1968, U.S. imports of Indian antiques and artwork increased fivefold.

India's exports of household decorations, toys, and silk products to the United States are growing rapidly, while those of tea and spices remain steady. In the 1960's, American exports to India were usually triple the value of imports from there.

The United States has become a new market for exporters of candy from Pakistan and Ceylon. South Korea's remarkable growth in the past 3 years has been partly a result of

growing exports of plywood, toys, and other light manufactures to the United States.

Japanese purchases of raw materials and food supplies from South and Southeast Asia provide the vital foreign exchange needed to purchase Japanese manufactures. Today Japan's Asian exports of automobiles, tractors, electrical equipment, fertilizer, and processed food are booming.

For future action

The budding Green Revolution generated through the use of high-yielding varieties of grain and increased use of fertilizer and other farm inputs has reached only about 10 percent of the 700 million persons dependent on agriculture for their living in South and Southeast Asia. This means a population three times that of the United States has been bypassed by the Green Revolution for want of many factors, including irrigation systems, credit, know-how, and ready access to farm-supply and farm-output markets. Many farmers in developing areas cannot progress on new-found knowledge and personal ambition alone. An agricultural complex—encompassing research, education, extension, irrigation systems, transport and marketing systems, and credit programs—plus many other factors are required to mesh with the farmer's own ability and initiative in order to raise food production and farm income.

Greater attention to improving nutrition is expected in the future. On the average, Indian and Pakistani consumers receive only 2,200 calories per day, although a goal of 2,600 calories per day has been set forth in several development plans. In Ceylon, a nutritional breakthrough was accomplished by increasing rice output and wheat flour imports simultaneously. This combination helped boost the average daily Ceylonese caloric intake to 2,400 calories per day in 1968 compared with 2,180 calories in 1965.

The Colombo Plan's Consultative Committee—the Plan's research body—has pointed out the great need for a massive infusion of skills abundant in developed countries to South and Southeast Asia. The Committee has also noted the debt-servicing burden of developing countries and the urgent need of these countries to develop new exports. It has become clear that certain countries currently are overly dependent on tea, jute, and rubber for foreign exchange earnings; all three of these crops have suffered depressed prices in the past 3 years although current prices are above recent low levels. However, if export diversification is to be successful in these countries, they need both market research and technical assistance in making the change.

Activities of the Colombo Plan Bureau—the publishing arm of the Plan—are expected to increase in the future. Currently, it provides reports and other publications that treat economic and technical cooperation among the Plan countries. It may be possible for the Bureau to begin publishing annual statistics of recipient member countries' agricultural production, factory output, and foreign trade. The Bureau could also provide information on prospects of increasing exports of specified commodities from these countries.

The Colombo Plan should continue to be helpful in planning and bringing about improvements in regional transportation. Among examples of past accomplishments along this line: Airports were built in major cities in India, Pakistan, Ceylon, Nepal, Thailand, and Laos by contractors from donor countries; loans from the United States enabled India, Pakistan, Thailand, and Ceylon to add jet planes to their national airlines.

Last in a series of reports on—

French Post-Devaluation Farm-Trade Price Adjustments

Following the decision by the European Community (EC) of August 11, 1969, to temporarily insulate the French agricultural market (see Foreign Agriculture, Sept. 8, 1969), the EC Commission issued a series of implementing regulations adjusting French agricultural prices, which, as a result of devaluation of the franc, became 11.11 percent lower than EC prices. These regulations, effective August 25 but retroactive to August 11, are applicable to trade with member and non-member countries alike.

Below is the third and final report in a series dealing with the main commodity groups that were subjects of the regulations. Two earlier articles in the September 29 and October 6 issues of Foreign Agriculture covered grain and dairy products.

Reporter is John F. Hudson, on the scene in Brussels, Belgium, where he is Assistant Agricultural Attaché with the U.S. Mission to the European Communities.

Fats and oils

France has decided to keep rapeseed and sunflowerseed intervention prices unchanged in francs. Since this would make French exports of these commodities cheaper in terms of other currencies and imports of them more expensive, it was necessary to prevent these effects with: (1) A tax on exports to prevent French exports from undercutting the market intervention system in other Member States; and (2) a subsidy on imports to prevent diversion of trade away from Community suppliers.

However, if a subsidy were applied only on imports of these two products, there would be discrimination against soybeans and other oilseeds not covered by the European Community's Common Agricultural Policy. Therefore, it was decided to apply export taxes and import subsidies to Community products only, including the exports of French oilseeds to third countries—but not to French trade in third-country products.

As the import subsidy is not applicable to third-country rape and sunflowerseed, the competitive relationship between third-country oilseed suppliers to the French market remains unchanged. The French measures, however, do carry the possibility of increased competitiveness in the French market of French oilseeds with third-country oilseed as there is no import subsidy to offset the higher priced (in francs) imports.

Approximately half of France's exports of some 100,000 tons of rapeseed goes to other EC countries. The export tax would nullify the increased competitiveness of French rapeseed in other markets.

Fresh fruits and vegetables

For these products there will be no offsetting export tax or import subsidy. The base price for fresh fruits and vegetables is a benchmark "normal" market price. If market prices fall more than 15 percent below this base, producers may get reimbursed for the cost of holding produce off the market. Since devaluation, this price level is now 12.5 percent higher in France than it was before.

The purchase price is tied to the base price and may be fixed at anywhere from 40 percent of the base price to 70 percent of it. If the market price falls to the level of the purchase

price, state assistance through purchasing is compulsory. This purchase price level is now 12.5 percent higher in France than before devaluation.

Thus in the event of a large surplus of apples, for example, French producers receive government assistance at a higher level than before. Not only that, but French exports, now up to 11 percent cheaper in the currency of other Member States, will tend to shift the burden of intervention to the other Members. The Commission hopes, of course, that prices will not fall so drastically that it provokes this situation.

Reference prices serve as a basis for triggering a compensatory tax on imports if the "entry price," calculated from internal market quotations, falls below the reference prices. Reference prices will now be 12.5 percent higher in francs. Internal market prices will probably not rise so fast.

Processed fruits and vegetables

For processed fruits and vegetables not containing added sugar the situation is the same as for fresh fruits and vegetables. Devaluation permits France to reduce export prices in terms of foreign currencies. The prices of imports are automatically raised in terms of francs. There will be no offsetting export tax or import subsidy.

In the case of products containing added sugar, there should be a small export tax and import subsidy tied to the sugar content. However, for frozen and canned fruit and for most products containing less than 30 percent added sugar the export tax and import subsidy do not apply, because the Commission considers that the amount of the tax or subsidy would be so small as to make no significant difference to trade.

Therefore, the tax-subsidy applies only to fruit and peel preserved in sugar and to certain fruit juices.

Poultry, eggs, albumin

There were no intervention prices in France for poultry, eggs, and albumin to be affected by devaluation. Feedgrains, however, are an important element in cost of production and these are now cheaper in France (in terms of foreign currencies) because imports are subsidized to offset devaluation.

Hence, if France is not to have an unfair advantage with respect to this cost element, it is necessary to offset the change in feedgrain costs (in terms of foreign currencies) by export taxes and import subsidies.

The example below shows how the 16.4-francs-per-100 kilogram tax or subsidy (about \$1.338 per 100 pounds) on whole turkey is arrived at:

Assumed feedgrain ration	Tax-subsidy applied to specified feedgrain		
	U.S. dollars per 100 pounds		U.S. dollars
Corn: 58 percent	×	0.3995	= 0.2317
Barley: 32 percent	×	.4254	= .1361
Oats: 10 percent	×	.4000	= .0400
			0.4078
Feed-conversion ratio	×		3.28
Tax-subsidy per 100 pounds on whole turkeys			1.338

For other products in the poultry, egg, and albumin sector tax-subsidies are similarly calculated, or are derived on the

basis of other coefficients—such as those relating poultry parts to whole birds.

Of course, the full price of the product covers much more than the feedgrain cost. Some of the remainder of the price will reflect imported elements, such as soybean meal. Since these will rise in price (in francs) with devaluation, they, too, will offset the French advantage from devaluation. Nevertheless, to some extent, France should be able to cut export prices (in terms of foreign currencies) of poultry, eggs, and albumin, and increase the margin of protection (in francs) against imports.

It may also be observed that if the feed-conversion ratios and the whole-bird-to-parts ratio are too high the tax-subsidy will be too high and will further limit French ability to cut export prices and raise import prices.

Beef

On devaluation, France raised the live cattle intervention price in francs, but not by as much as the devaluation. Therefore France was in a position to undercut beef prices in other member States in its exports, and Member States could no longer export to France on an equal-price basis.

As a corrective measure, France is required to collect an export tax and an import subsidy equal to the difference in price levels between France and the other Member States. The tax and subsidy are equal and—in order to prevent circumvention—apply to trade with third countries as well as trade with other Member States.

For live cattle the tax-subsidy is fixed at 25.74 French francs (about \$4.64) per 100 kilograms. All other tax and subsidy rates on beef are derived from this.

In the beef sector it was essential to allow for the probable time lag in the increase of actual domestic market prices because France is not at present intervening on the beef market. As long as cattle prices do not rise, they affect both need for intervention and the level of variable levies on imports.

Variable levies are progressively reduced as market prices rise above the orientation price. Upon devaluation France raised the orientation price in francs by the full amount of devaluation. Hence, the effect of relatively low French market prices will be to keep levies up.

To offset the effects of low French market prices French market price quotations will be compared temporarily to what the franc intervention and orientation prices would have been if they had been left unchanged in francs.

Pork and pork products

In the case of pork, the EC intervention price is operative in practice only at the low-price end of the hog cycle. When operative this price may be set as low as 85 percent of the current base price of \$75 per 100 kilograms.

The normal formula for calculation of the French export tax or import subsidy per 100 kilograms would then be:

$85\% \times \$75 \times 11.11\% \text{ (French price decrease as result of devaluation)} \times 5.55419 \text{ (French francs per UA)} = 39.34 \text{ French francs.}$

Alternatively, pork might be treated like poultry—that is, the tax-subsidy calculated to offset the effect of devaluation on feedgrain costs. In this case, the calculation would be as shown at top of column at right.

Of the two calculating methods, the one that yields the highest figure is to be used. In this example, therefore, the

Assumed feedgrain ration	Tax-subsidy applied to specified feedgrain	
	Francs per 100 kilograms	Francs
Barley: 40 percent	× 5.210	= 2.084
Corn: 20 percent	× 4.893	= .979
Oats: 10 percent	× 4.899	= .490
Rye: 20 percent	× 4.938	= .988
Sorghum: 10 percent	× 5.027	= .503
		5.044
Feed-conversion ratio	× 4.2	
Tax-subsidy per 100 kilograms of hog carcass		21.18

tax-subsidy per 100 kilograms would be 39.34 francs.

Tax-subsidies on other pork products are derived from that on carcasses. For canned ham, the tax subsidy is 104.25 francs per 100 kilograms; for lard it is 15.74 francs.

The tax-subsidy for carcasses fully offsets devaluation only when the market price falls to the level of the intervention price. For other pork products, changes in the tax-subsidy accurately reflect existing price relationships through product coefficients from the preannounced quarterly rates.

If, as at present, market prices are above these minimums, French exports may be a little cheaper (in terms of foreign currencies) in spite of the tax, and imports may be a bit more expensive in terms of francs in spite of the subsidy.

Sugar

A multitude of prices, taxes, subsidies, and other payments in the EC's Common Agricultural Policy for sugar are fixed in terms of a unit of account (UA) now worth one U.S. dollar. Devaluation of the franc would have required an automatic increase in all of these figures in French francs if their value in France was to be kept equal to their value in other Member States.

However, since France elected to keep all sugar prices and payments unchanged in terms of francs, it was in a position to export at prices (in other currencies) that would undercut the sugar CAP in other Member States; also, imports from other Member States could not compete in France.

To correct this state of affairs, the new EC regulation relating to sugar requires that France collect an export tax and pay an import subsidy to offset these effects of devaluation. For example, for white sugar there was a single intervention price for all of France—\$21.23 per 100 kilograms. This price has been reduced and a tax-subsidy corresponding to the reduction has been introduced in foreign trade. The tax-subsidy computation is as follows (in UA terms):

Predevaluation French intervention price	\$21.23
Postdevaluation French intervention price	18.87
Export tax or import subsidy per 100 kilograms.	2.36

A similar calculation is made for raw sugar and for sugar-beets. The tax-subsidy applicable to other products is derived from the white and raw sugar and beet taxes. The tax-subsidy does not apply when it is too small to be significant.

These adjustments are only approximate. If market prices are above the intervention price, the effects of devaluation are not fully offset; France can still cut export prices a little and obtain some marginal protection against imports.

Processed foods from agricultural products

Since France did not raise support prices for most agricultural commodities, French manufacturers using these com-

modities in processed foods would have a cost advantage over manufacturers in other Member States unless offsetting measures were taken. The EC regulation covering these products is intended to offset the advantage of French processors with an export tax and import subsidy corresponding to the tax or subsidy applicable to the quantity of agricultural raw materials required to make a given quantity of the processed commodity.

This tax-subsidy, of course, is not intended to offset costs other than those for these agricultural raw materials. To the extent that other costs do not rise, French manufacturers will continue to benefit from devaluation; they will have added incentive to export, greater protection against imports.

U.K. Spending on Food and Tobacco in Past Decade

In 1968, consumers in the United Kingdom spent 21.8 percent of their disposable personal income on food compared with 28.2 percent in 1958, according to figures released recently by the British Ministry of Agriculture.

The figures give details of consumers' expenditures on food, drink, and tobacco in the United Kingdom for the years 1958 through 1968. Included in the food total are expenditures for meals taken away from home and for nonalcoholic beverages; personal disposable income does not include income tax deductions and compulsory National Insurance contributions.

The proportion of income spent on tobacco also declined over the 1958-68 period—from 6.5 percent to 5.4 percent. The share spent on beer, wines, and spirits hardly changed; it was 5.7 percent in 1958 and 5.8 percent in 1968.

Expressed as a proportion of total consumer spending, the outlay on all food purchases in 1968 was 23.5 percent as compared with 29.4 percent in 1958. Spending for tobacco accounted for 5.8 percent of all spending in 1968 as against 6.7 percent 10 years before. Alcoholic drinks took 6.2 percent in 1968, up from 5.9 percent in 1958.

In real terms, however, the United Kingdom spent more on food in 1968 than 10 years before. At constant prices, food expenditure in 1968 was 13.5 percent greater than in 1958 although the population increase over the period was only 7 percent. Total consumer spending at constant prices was up by 32.7 percent over the 10 years. Major increases were on the running costs of motor vehicles (up 182.8 percent), and the purchase of motor vehicles (167.1 percent).

Little change among food groups

Within the foods sector there was surprisingly little change over the period in the expenditures on the various food categories. As would be expected, expenditure at current prices on bread and other cereals declined in importance—but only from 13.6 percent of household food outlay in 1958 to 13.2 percent in 1968. Part of the reason the decline was small is that prices in this sector have risen rather more than those for other food items.

Even more surprising is the fact that there was hardly any change in the meat sector. At current prices, expenditure for meat went from 26.4 percent of total household food outlay in 1958 to 27.8 percent in 1968; at constant prices the change was barely discernible.

Spending on fish went from 3.5 percent of total household food outlay to 3.6 percent. Of course, within the animal pro-

Bulbs and flowers

Since the Common Agricultural Policy fixes only minimum export prices for bulbs, tubers, and other floricultural products, it is not concerned with the domestic price level of these products in France. If France observes the minimum export prices as expressed in units of account, French exporters must raise their prices in francs in proportion to the devaluation, and no export tax to effect this same end is required. Consequently, the new regulation covering these products simply reinstates the unit of account and thereby requires France to observe the foreign currency value of the common minimum prices.

U.K. Spending on Food and Tobacco in Past Decade

tein sector there have been some significant shifts from beef and lamb to pork and poultry, especially to poultry.

Spending on oils and fats over the 10 years went down from 5.1 percent of total household food outlay to 4.2 percent at current prices. The actual outlay in this sector showed the smallest increase of any—only 15.7 percent over the period. At constant prices there was no change. Key to this situation was the price of butter, which, although exceptionally low in 1958, has fallen since. Meanwhile, consumption has not strayed far from 201 pounds per person per year. Margarine consumption has steadily declined and lard and compounds have slipped a little, but more cooking and salad oils are being consumed. The proportion of spending on dairy products went from 14.9 percent in 1958 to 14.7 percent in 1968. Prices have stayed fairly low and consumption has risen.

Spending on fruit and fruit products rose only from 6.2 percent of total household food outlay in 1958 to 6.3 percent in 1968; in real terms the rise was slightly more. Prices in this sector have risen considerably. The proportion spent on potatoes and vegetables also went up only slightly at current prices—from 10.9 percent to 11.6 percent.

For sugar, preserves, and sugar and chocolate confectionery, the proportion of household food expenditure spent fell from 10.2 percent in 1958 to 9.4 percent in 1968. A major factor in this reduction was the fall in consumption of preserves.

Tobacco expenditures

It is surprising that the expenditure on tobacco as a proportion of total consumer spending has actually declined during the period. It would seem that in a situation where the rates of tobacco tax alone were increased by approximately 50 percent between early 1958 and 1968 (making tobacco products in the United Kingdom perhaps the most expensive in the world), that the proportion of consumer spending in this sector must have risen. Yet, over the period, actual expenditure on tobacco at current prices went up only by 53 percent—almost the same as the tax increase—while all consumer spending rose 77 percent. One reason must be that, despite the heavy tax rate, increases in it since 1958 have not been too far out of line with price rises generally. Second, the duty is in fact so high and is seen to be so high that with each tax and price increase smokers switch to cheaper brands in order to keep their spending on tobacco as stable as possible.

—Based on dispatch from WILLIAM L. SCHOLZ
Assistant U.S. Agricultural Attaché, London

Preview: Chile's Trade in Agricultural Products

By FRANCIS S. URBAN
Foreign Regional Analysis Division
Economic Research Service

This is the ninth in a series of articles (see March 31, 1969, issue) that Foreign Agriculture is publishing on supply-demand studies for farm products in key areas. Each study was conducted under contract with USDA; basic data are from area sources. In some cases, study trends may be more important than quantitative conclusions, and USDA does not necessarily concur with given results.

The study¹ reports that Chile, despite a favorable population-to-land ratio, has become a net food importer in value terms and will have to rely on imports throughout the projected period to satisfy a substantial proportion of its demand for food and other agricultural products. The growing deficit in agricultural commodities is due to rapid urbanization; institutional constraints, including the transitional period of land reform; and inadequacy of the marketing system.

Continued large imports are projected for wheat, edible oils, sugar, beef, milk and milk products, animal fats, and hides and skins. New imports may also develop such as mutton and lamb, peas, and occasionally corn. The country is expected to improve its export potential of fruits such as apples, pears, peaches, lemons, plums, table grapes, avocados, and nuts.

Imports of wheat were projected to decrease from 385,400 metric tons in the base year of 1965 to 184,200 tons in 1970, and then edge up to 203,700 tons in 1980. In view of the recent severe drought and apparent previous underestimation of import requirements, it is more likely that in 1970 Chile will import about 500,000 tons and that 1980 projected imports may also be underestimated.

In the case of rice, moderate imports of the past were projected to change to a small exportable surplus by 1980. While the 1970 projected rice surplus of 20,200 tons is overestimated, over the longer range to 1980 Chile will probably become self-sufficient in rice and even develop some exportable surplus. Despite occasional imports of corn in the past, Chile has been self-sufficient in this commodity, but is projected to develop a moderate import demand in the future. Recent evidence seems to point out that instead of a nearly balanced supply-demand position in 1970, the country may still have to import about 45,000 tons of corn, and 1980 imports may also be greater than projected.

For potatoes, although the projections show a large increase in the supply-demand deficit, only a small proportion of this deficit is expected to translate itself into actual imports. Internal price adjustment for this commodity is more likely than a large volume of imports. Also, new but relatively small imports may develop in the case of dry peas, chickpeas, and wool, and by 1980, substantial imports of mutton and lamb may be needed. Deficits are also projected to develop in the

case of wine grapes, but it is highly unlikely that Chile will import this commodity. The relaxation of restrictions on planting new vineyards and some increase in the price of wine are more probable.

Export prospects

On the export side, fruits have constituted Chile's principal agricultural exports and are projected to expand substantially. Onions and lentils have also been exported, but these exports are expected to decline in the future, while exports of pork and pork products will increase. Finally, dry beans, poultry meat, and eggs are projected to appear on the export list and grow in importance as a trade commodity. In the case of pork and poultry products, increased exports would be the result of the present effort to expand production.

In other products included in the study, such as barley, oats, oranges, garlic, tomatoes, and tallow, Chile is expected to balance its supply and demand.

These projections to 1980 were developed by the Catholic University of Chile on the basis of analysis of the Chilean economy, consumption patterns, production and trade trends, and other factors likely to affect agricultural sector in the future. The projections include population projections, and

CHILE'S NET TRADE OF SELECTED AGRICULTURAL PRODUCTS

Product	1965	1970	1980
	1,000 metric tons ¹	1,000 metric tons ¹	1,000 metric tons ¹
Grains:			
Wheat	—385.4	—184.2	—203.7
Rice (milled)	—15.0	20.2	7.7
Corn	—	.4	—5.0
Edible oils ²	—18.3	—20.6	—34.4
Fruits:			
Apples	14.4	17.0	60.0
Pears	2.6	2.7	16.2
Peaches	7.3	9.0	59.1
Lemons	2.8	6.4	8.7
Plums	9.8	10.8	13.2
Table grapes	7.8	11.4	27.2
Wine grapes	15.1	—20.1	—11.3
Avocados	—	1.2	3.9
Nuts (in shell)	1.5	1.6	5.3
Tubers & vegetables:			
Potatoes	—7.0	—45.3	—184.5
Onions	34.5	27.5	5.8
Pulses:			
Dry beans	—.8	13.3	15.0
Dry peas	—	—.7	—3.0
Lentils	4.3	4.2	3.8
Chickpeas	—	—.5	—2.7
Sugar (refined)	—192.2	—236.1	—391.7
Meat, milk, and eggs:			
Beef	—44.3	—74.2	—168.3
Pork & pork products	5.0	12.4	8.6
Mutton & lamb	1.9	—3.1	—28.2
Poultry meat	—3.0	6.0	18.5
Eggs	—	13.2	15.9
Milk ³	—381.2	—581.3	—1,205.8
Other animal products:			
Lard	—5.4	—6.3	—9.7
Wool	2.6	2.0	—1.8
Hides & skins (cattle)	—10.3	—11.6	—17.6

¹ Plus indicates export availability; minus indicates import requirement. ² Sunflowerseed and rapeseed oil. ³ Including butter and cheese in milk equivalent.

¹ Chile: Demand and Supply Projections for Agricultural Products, 1965-1980. Catholic University of Chile, Economic Research Center, 1969. The complete study will be available in English in the spring of 1970 from the Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C. 20250.

total and per capita gross national product (GNP).

The population of Chile is projected to increase from 8.8 million in 1965 to 10.0 million in 1970 and to 12.9 million in 1980, or at a rate of 2.6 per year. Over three-quarters of the population live today in cities, and this proportion is likely to increase. The GNP is expected to increase at the annual rate of 4.7 percent, and per capita GNP, at the annual rate of 2.1 percent. In absolute terms, this means the increase in GNP is from \$4,646 million in 1965 to \$9,372 million in 1980, and the increase in per capita GNP is from \$529 in 1965 to \$726 in 1980, at 1965 prices.

Bases for projections

Direct demand projections for the commodities included in the study were done on the basis of the Family Budget Survey, conducted during 1963-64. To arrive at the total demand, seed and industrial demand and waste were estimated from technical coefficients and added to direct demand. Supply projections were based on the analysis of agricultural area available for different uses and trend analysis of inputs, such

as cultivated area under different crops, yields, and supply of capital. Government policies and plans were also taken into account. Final trade balances were obtained as differences between total supplies and demands.

The potential U.S. trade in agricultural products with Chile or U.S. share in Chile's foreign trade were not part of the study. Agricultural commodities constitute about a quarter of Chile's imports, but only 5 percent of exports.

In the past, over 35 percent of Chile's total imports and nearly 30 percent of its agricultural imports originated in the United States. Also, about 35 percent of its exports went to the United States, agricultural commodities making up between 5 and 10 percent of these exports. Wheat, milk and milk products, tobacco, prepared meats, fats and oils, and cotton will probably constitute Chile's largest import items from the United States, although under increasing competition from LAFTA countries.

The United States will continue to import fruits and vegetables from Chile, particularly table grapes, melons, pears, and onions and garlic.

Argentina Again Faces Wheat Trade Problems

While many of the world's wheat producing nations are locked in fierce competition for export markets, Argentina—traditionally one of the five major exporters—is beset by wheat trade problems. At this point, the country is only fulfilling previous export commitments and is importing wheat to meet its domestic needs. A total of 365,000 tons has been purchased recently from Australia, the Soviet Union, Mexico, and the United States to help take care of requirements until the new harvest starts rolling in. (See article page 16).

Argentina's total 1969 crop is now put at 5.9 million metric tons from nearly 6.7 million hectares (16.6 million acres), down considerably from the previous year's 7.3 million tons from an only fractionally smaller area. Seeding for the 1970 crop has been completed, and acreage is officially estimated at nearly 6.3 million hectares (15.6 million acres), down 6 percent. The decline in area is attributed to competition for land from other crops and adverse weather in some parts of the country.

No relief until 1970

A tight domestic supply situation will continue into November or December. Early harvest supplies will be below normal because of a smaller planted area in the northern wheat zone where harvesting begins, as well as anticipated poor yields there because of drought. One result may be reduced capability to export new-crop wheat in December as is customarily done, especially to complete contract sales to Brazil. This year's December supplies are also being counted on to complete a contract with Chile.

End-of-season stocks are expected to be minimal, and the need to rebuild stocks will have an effect on export availabilities in the 1969-70 season. Availabilities, of course, will hinge on the production outcome. If average yields are assumed for the estimated planted area, production would be around 7.5 million tons. However, below normal yields are expected because of recent dry weather. With domestic disappearance of about 4 million, this would leave about 3.5 million for export and carryover. The government has an-

nounced a carryover goal of 1 million tons.

When export trading does begin, the government probably will have to eliminate the 6-percent export tax to permit Argentine wheat to be competitive at the lower world prices now in effect. Export commitments most likely will be made later than they were last year when heavy ones were made as early as November before the extent of the crop loss was known.

Other grains

The latest official estimate of 1968-69 corn production, 6.9 million metric tons, was down 200,000 tons from the first estimate. High prices from the beginning of the season brought rapid marketing. About 3 million of the estimated 3.4 to 3.5 million available for export have been shipped. Some sales, mainly to traditional Italian buyers, continue despite the prevailing quotation of around \$58 per ton, f.o.b.

Planting for the new crop has started in the north. No information is available on farmers' planting intentions, but indications point to a fifth consecutive increase in area, which was at 4.6 million hectares (11.4 million acres) last year. New-crop supplies will not be available for export until March.

A new official estimate puts 1968-69 production of grain sorghum at 2.5 million tons, just slightly under the first estimate. Exports have reached about a million tons. Another 200,000 to 300,000 probably remain to be shipped. Japan has been the principal buyer. Domestic prices remain firm at about \$40 per metric ton. Sorghum area in 1969-70 is almost certain to increase, for the seventh consecutive year, from last year's 2.1 million hectares (5.2 million acres).

Production of pulses was up sharply in 1968-69, with the dried bean and pea crops double those of the previous year. As a result, stocks are large, and exports this year are above last year's. The heavy supplies have put pressure on prices, which are well below earlier levels. Because of the low prices, a reduced level of planting is expected for the 1969-70 pulse crops.

—Based on dispatch from JOSEPH C. DODSON
U.S. Agricultural Attaché, Buenos Aires

Australia Tussles With Wheat Storage and Marketing

In a set of measures designed to contain, channel, and divert the wheat flood expected in Australia when the 1969-70 harvest begins in December, Australian legislators have tried to solve problems of wheat storage and marketing and to stamp out "grey marketeers" who will try to sell grain below the minimum domestic prices because they have no legal market for their over-quota production of wheat.

Storage scramble

In addition to previous efforts to provide storage, the Federal Government has approved expenditure of approximately US\$11.2 million from Wheat Board funds. The money is to construct temporary storage for about 60 million bushels of wheat in New South Wales, Victoria, and South Australia.

The new storage appropriation is over and above the money (some State and some Federal) already being used to construct emergency storage facilities of 110-million-bushel capacity. Total emergency storage now authorized is 170 million bushels.

The new emergency storage plus the current capacity to store 610 million bushels will bring overall storage capacity for Australian wheat areas to 780 million bushels. But not all the emergency storage will be completed until July 1970.

Carryover of wheat by December 1969 is now estimated at about 257 million bushels. The coming wheat harvest is expected to produce upwards of 500 million bushels. According to Government calculations, even over-quota wheat from the 1969-70 harvest can be in off-farm storage by mid-1970.

Looking ahead

In an effort to discourage future overquota wheat crops, a new method of dealing with wheat deliveries has been adopted. Deliveries exceeding quotas, if they are accepted at all, will receive no payment of any sort until the 1970-71 Wheat Board pool commences, about a year and a half from December 1969. Such deliveries will be counted as part of the 1970-71 pool rather than as part of the 1969-70 crop.

Further, overquota 1969-70 deliveries will be counted against a grower's delivery quota for 1970-71. Growers who are greatly over quota in 1969-70 may not be able to market any wheat in 1970-71 through the Wheat Board and therefore may decide not to plant wheat.

For 1969-70 estimates as indicated by Australian States are that wheat deliveries will be at least 122 million bushels above the national quota of 357 million bushels. Total wheat harvest expected in New South Wales is 220 million bushels; in Victoria, 100 million; in Queensland, 24 million; in South Australia, 65 million; and in Western Australia, 70 million.

An immediate measure

To help farmers in drought-affected areas in Western Australia and Queensland, who are in need of livestock feed, the Australian Wheat Board has decided to redeliver 1968-69 wheat. A 1968-69 wheat grower can claim from 100 bushels up to the quantity he delivered by refunding his first advance payment (US\$1.23 per bushel) plus a handling and interest charge of about 13½ cents per bushel minus freight from redelivery point to port terminal.

This policy has two advantages—supplying feed in an area where oats and barley are now not for sale and eliminating some of the wheat carryover from the 1968-69 harvest. A third object of the policy is to discourage the "grey market" in wheat—sales of above-quota wheat at prices below the minimum set for home consumption (US\$1.92 per bushel).

Redeliveries are being strictly controlled and are only made to farmers who use the wheat for stockfeed on their own property.

Another measure with the same objectives that is being discussed by State and Federal Governments is the domestic sale of feed wheat by the Wheat Board at a price higher than the guaranteed export but lower than the minimum domestic price. To put the measure into effect, State Governments must amend their wheat stabilization legislation.

—Based on dispatch from the *Office of the U.S. Agricultural Attaché, Canberra*

Australia's Dried Vine Fruits Stabilization Plan

Australia is the world's third-ranking grower of currants and raisins (including sultanas). It is also the third-ranking exporter. Traditionally, the government has backed stabilization schemes to protect producer returns from drastic drops because of unusually low market prices.

This year a new scheme for protecting farmers' incomes from raisins, sultanas, and currants for the period 1969 through 1973 is up for legislative consideration. Although the plan is essentially similar to previous ones, some modifications are being introduced.

For example, although the guarantee on grower returns is to be continued, limitations have been placed on government obligations if grower-contributed funds are exhausted. The basic guarantee is that if growers' returns do not come up to the base price less US\$10 per short ton, money from the Sultana, Raisin, and Currant Funds or government monies will be paid to growers as a bounty to bring returns per ton up to the base price minus \$10.

Under the new scheme government obligations are limited

to \$20 per ton and that only up to certain tonnages for each variety of dried fruit. The limits for government responsibility are the same as in the previous plan—for currants, 15,120 short tons; sultanas, 84,000 tons; and raisins, 12,300 tons.

Refurbishing plans

Another change is that the cost-of-production guide to guarantee prices has been replaced by a system of base prices. For the 1969 crop the proposed base prices are: currants, \$304 per short ton; sultanas, \$364; raisins, \$234. The base price is to be adjusted annually according to changing costs of production inputs, interest charges, and fluctuations of wages and labor.

Some minor innovations are an increase in the minimum tonnage before which growers do not have to contribute to the Sultana Fund and decreases in the ceilings for contributions to the Currant and Raisin Funds.

—Based on dispatch from the *Office of the U.S. Agricultural Attaché, Canberra*

Shift toward feedgrains

West German Farmers Harvest Near-Record Grain Crop

According to the first official forecast, West German farmers have harvested a very large grain crop of 18,623,000 metric tons, only slightly below the 1968 record crop of 18,782,000 metric tons (excluding corn). This first estimate exceeds the 1963-68 average by 15.2 percent. This result was achieved on a 1.1 percent larger planted area and 2.1 percent lower yield per acre than in 1968. The accompanying table shows final 1968 and preliminary 1969 data in detail. (See table on right, top.)

This year's grain crop showed a remarkable shift towards increased feedgrain production vis-a-vis a decline in breadgrain production. This shift is due both to an increase in the acreage of feedgrains planted and to an increase in yield per acre. About 50 percent of the increase in feed and industrial grains harvested in 1969 (4.5 percent compared to the previous year) can be attributed to a decline in breadgrain area (2.4 percent less than in 1968). The remaining increase in area as well as part of the higher yields may be attributed to increases in EC feedgrain prices for the 1968-69 crop year. Ministry of Agriculture officials are pleased with this shift to feedgrains and are recommending a further increase of the barley price to diminish the gap between present wheat and barley prices.

Rented storage

Despite this year's large grain crop and the high stocks at the end of the previous crop year, the Import and Storage Agency reportedly found sufficient storage space for all the grain offered for intervention price (price support). This was only possible through considerable efforts to rent storage facilities both within and outside of Germany and also because of the introduction of Intervention B (preventive intervention).

Also, as a result of the franc devaluation the amount of grain imported from France declined somewhat. Prices strengthened somewhat and were equal to or even slightly above the intervention level. However, German farm organizations report that in recent weeks renewed offers of French wheat have appeared on the German market reportedly at prices which are as much as \$.75 per metric ton below the intervention price.

Weather conditions during harvest were excellent through about the last week of August. As a result, the quality of the grain harvested was also very good. According to estimates made by the central associations of grain dealers, 10 percent of the wheat crop was damaged by sprouting. To accommodate the sprouted wheat, the EC Management Committee agreed on September 4, 1969, to certain changes in the wheat denaturing subsidy regulation. Accordingly, the denaturing subsidy will be payable if the total content of objectional matter (foreign material, sprouting, and other grain including brokens) exceeds 10 percent, which is the normal upper limit, but is not more than 50 percent. The present denaturing subsidy, an average \$20 per metric ton, will be reduced by content of objectional matter. (See table on right, bottom.)

The 1969-70 feed situation in the light of the 1969 crop is as follows: The domestic feedgrain crop (excluding corn) has increased 340,000 metric tons. Add to this an anticipated

WEST GERMAN GRAIN PRODUCTION

	Area		Production	
	1968	1969 ¹	1968	1969 ¹
	1,000 acres	1,000 acres	1,000 metric tons	1,000 metric tons
Breadgrains:				
Winter wheat and spelt	3,221.4	3,251.8	5,577.4	5,345
Spring wheat	396.1	457.1	621.0	678
Winter rye	2,302.2	2,075.6	3,100.0	2,801
Spring rye	75.9	81.6	89.4	94
Winter mixed grain ..	111.2	93.9	157.7	132
Total breadgrains ..	6,106.8	5,960.0	9,545.5	9,050
Feedgrains:				
Winter barley	1,078.3	1,047.7	1,903.2	1,706
Spring barley	2,208.6	2,389.4	3,070.7	3,485
Oats	2,029.2	2,132.5	2,893.2	2,971
Spring mixed grain ..	1,001.3	1,032.9	1,369.5	1,410
Total feedgrains ² ..	6,317.4	6,602.5	9,236.6	9,573
Total all grains ² ..	12,424.2	12,562.5	18,782.1	18,623

¹ Preliminary. ² Excluding corn.

Source: Federal Ministry of Food, Agriculture, and Forestry.

DENATURING SUBSIDY REDUCTION

Content of damaged grain percent	Reduction Dollars
Over 10 but not more than 14	1
Over 14 but not more than 18	2
Over 18 but not more than 22	3
Over 22 but not more than 26	4
Over 26 but not more than 30	5
Over 30 but not more than 34	6
Over 34 but not more than 38	7
Over 38 but not more than 42	8
Over 42 but not more than 46	9
Over 46 but not more than 50	10

Source: *AGRA Europe*, September 5, 1969.

increase in corn production of 110,000 metric tons, and the total additional domestic feedgrain availability is 450,000 metric tons. Potato production, however, is forecast to have been reduced by about 700,000 metric tons, feedgrain equivalent, which would leave a theoretical additional demand of 250,000 metric tons. Based on present livestock numbers and trends, an increased feedgrain demand of some 150,000 metric tons can be expected. This would bring the total additional demand up to 400,000 metric tons.

Final calculations

These calculations, however, do not consider the replacement of corn and milo by denatured wheat. Assuming that in 1969-70 some 350,000 additional metric tons of wheat will be denatured, above the approximately 150,000 tons denatured in 1968-69, the additional feedgrain demand would be reduced to 50,000 metric tons. This means that the overall feedgrain import demand from all sources would remain practically at the 1968-69 level. However, as the result of the preferential EC system and the relatively large crops in France, imports from the EC area, especially of wheat for feeding, will probably increase again in 1968-69 and replace exports from third countries by a corresponding amount.

—Based on dispatch from GEORGE A. PARKS
U.S. Agricultural Attaché, Bonn

Israel To Increase Produce Traffic to Europe

Export services have been geared up to bring some 60,000 tons of noncitrus Israeli produce to Europe during the busy 1969-70 winter season. Freight airplanes, containers, and a small fleet of cargo ships have been added to the two ships and commercial passenger plane space that have moved almost all the products in the past.

Israel is the United States top competitor for the European market in winter vegetables.

Starting in November, an undetermined number of small chartered vessels, each with a capacity of about 400 metric tons of refrigerated space, will begin weekly shipments from Israel to Koper, Yugoslavia; Marseilles; and Dover. Between February 15 and May 15, 1970, the ships will sail twice weekly to Koper and Marseilles and once every 10 days to Dover.

Containers and planes

In addition to these exports, a weekly load of six to ten containers will leave Israel for various Mediterranean ports. The size of the containers to be used is

not known, but 30-footers have been tested by the Israelis.

Passenger plane exports (about 400 tons a month) will be augmented by five weekly chartered cargo planes of about 16.5 tons each, bringing total air capacity to 5,000 tons for the season.

The expanded export services were brought on partly because the trade was outgrowing the transportation, but also because exporters complained that schedule breakdowns of the passenger lines sometimes hurt business.

Before 1967, when noncitrus products moved at the rate of 5,000 to 10,000 tons a year, there were no serious transportation bottlenecks. Passenger airlines and passenger ships turned out to be the most economical carriers. A few shipments were tried on vessels carrying citrus but were discontinued when loading interfered with the rigid citrus exporting schedule.

By 1967 the volume of products to be handled had increased to about 25,000 tons. Two small refrigerated vessels chartered for the 1967-68 export season made it possible to ship 22,000 tons of

perishable products by surface.

In 1968-69 the quantities increased even further. They included among others, 7,100 tons of carrots and 6,400 tons of onions shipped by surface; 1,500 tons of celery, 800 tons of avocados, 900 tons of artichokes, and 40 million units of flowers moved partly by air; and 620 tons of strawberries by air shipment only. Most were shipped between early November and late April.

The return trip

According to one source, air freight rates between Tel Aviv and Frankfurt average out to about \$250 per metric ton, which seems low since the planes are not fully utilized on the Frankfurt-Tel Aviv leg.

An expected side effect of increased service is a push to fill the freight planes for the return trip. In 1967 Israel's exports by air exceeded imports by 2,674 tons; by the end of 1968 the excess figure had reached 4,420 tons.

—Based on dispatch by
JOHN R. WENMOHS
U.S. Agricultural Attaché, Tel Aviv

Sales Tally Shows Finns Like U.S. Foods

The sales figures are in and the conclusions clear: Consumers in Finland liked what they saw in an April point-of-purchase campaign for American foods.

The Foreign Agricultural Service staged a huge sales campaign April 17-26 for 52 brands and 224 different items, the first U.S. food promotion of its kind in Finland. The prestigious Stockmann Department Stores in Helsinki, Tampere, and Pretarsaari and three Sesto stores in Helsinki took part. "America on a Platter" was the theme.

Special purchases of U.S. food products for the promotion over and above the usual purchases exceeded \$48,000. During the promotion a total of \$64,320 in American foods was sold.

In some cases high price tags discouraged shoppers, and a few products are subject to license before importing.

But all in all the promotion gained a good foothold for American foods in Finland.

Best-selling items were frozen foods (vegetables, dinners, cakes, poultry), snacks, cake mixes, jellies and preserves, and vegetable oils. Other big sellers were soups, honey, fresh vegetables (notably iceberg lettuce) and cocktail tomatoes.



Above right, display in the

front window of Stockmann's draws attention to featured U.S. products.

Right, some of the crowds who came in the store to try American brands.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Oct. 7	Change from previous week	A year ago
	Dol. per bu.	Cents per bu.	Dol. per bu.
Wheat:			
Canadian No. 2 Manitoba . . .	1.93	+2	2.04
USSR SKS-14	1.76	0	(¹)
Australian Prime Hard	1.84	+2	(¹)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.81	-1	1.95
15 percent	1.89	-4	2.00
U.S. No. 2 Hard Winter:			
13.5 percent	1.76	0	1.91
Argentine	(¹)	(¹)	1.77
U.S. No. 2 Soft Red Winter .	1.54	-3	1.76
Feedgrains:			
U.S. No. 3 Yellow corn . . .	1.42	+5	1.16
Argentine Plate corn	1.78	+3	1.38
U.S. No. 2 sorghum	1.43	+2	1.24
Argentine-Granifero	1.48	+1	1.24
Soybeans:			
U.S. No. 2 Yellow (new crop)	2.67	-13	2.79

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Canadian Chicken Consumption Soars

Canadian chicken consumption is increasing rapidly, surpassing by a wide margin the rate projected in 1965 for the next 10 years. The 32 pounds per capita rate projected for 1976 should be reached by 1971, according to A. D. Davey, Director of the Canada Department of Agriculture's Poultry Division. In an address at a recent convention of the Canadian Hatchery Foundation at Charlottetown, Prince Edward Island, Mr. Davey noted that per capita consumption of chicken amounted to 29.4 pounds last year and by mid-1969 had increased by an estimated 2 pounds.

At the projected per capita rate of 32 pounds, consumption of chicken will amount to 768,000,000 pounds per year—the equivalent of 230,000,000 chicken broilers. In 1965, with a per capita rate of 22.2 pounds, a total of 433,000,000 pounds of chicken were consumed.

In the United States, by contrast, per capita consumption of chickens already totaled 36.7 pounds in 1968 and is expected to increase to about 40 pounds by 1971.

Dutch Poultry Industry Still Expanding

The Dutch poultry industry continued to expand during the first half of 1969. Poultry meat production increased by 13.5 percent and egg production by 11.5 percent. Major increases were noted in the production of broilers, grillers, ducks, and other poultry (including turkey).

Exports of poultry and poultry products also increased during the same period. Poultry meat exports rose 12.5

percent, fresh egg exports 17 percent, and exports of egg products 28 percent. The major markets for the exports of Dutch poultry meat were West Germany, Austria, and Switzerland—with West Germany taking 86 percent of the total Dutch exports.

Poultry meat consumption during the first half of 1969 remained relatively unchanged. Export prices were firm, leading to increased export demand, while domestic consumption of broilers declined slightly with the "official freezing" of consumer prices that has been in effect since March 1969. The decline in domestic broiler consumption was probably offset by an increased consumption of stewers.

Dutch poultry meat production is expected to continue increasing for the remainder of the year. From this, coupled with the increases in production expected in other EC countries (especially Germany), broiler prices are expected to weaken somewhat toward the end of the year.

Argentina Increases Sugar Quota

The Argentine Government has announced an increase of 40,000 metric tons in the sugar production quota for 1969, raising the total authorization to 890,000 tons. The new addition to the quota is required to be in the form of refined sugar and is for the benefit of certain sugar producers who were earlier deprived of their market by special circumstances. Originally the quota was 800,000 tons, but it was raised 50,000 tons in May. This increase was specified for the export market.

In 1967, production controls were instituted by the Argentine Government to reduce excessive sugar stocks. Stocks have since been decreasing—from 530,000 tons at the end of the 1966-67 sugar year (June 1-May 31) to 316,000 at the end of 1968-69. Domestic consumption is normally about 800,000 tons per year.

Black Pepper Prices Increase Sharply

Reflecting a sharp fall in Indonesian production and smaller supplies from most other producing countries, black pepper prices have recently soared to their highest levels since 1960. New York spot Lampung (Indonesian) prices jumped from 36 cents per pound as of August 22, to 69 cents per pound by the first of October.

Indonesia usually supplies over two-thirds of U.S. pepper requirements. U.S. imports from Indonesia last year amounted to 38.1 million pounds valued at \$10.5 million.

South African Canned Deciduous Fruit Up

South Africa reports a record 1969 canned deciduous fruit pack of 8,105,000 cases, basis 24/2½'s. This is approximately 9 percent above 1968.

In 1969, canners received 19,335 short tons of apricots, 45,000 tons of pears, and a record 107,417 tons of clingstone peaches. However, owing to some poor-quality fruit, the 1969 processing yield for clingstones fell below the normal

50 cases per ton. As a result the 1969 canned peach pack is smaller than expected—an estimated 4.8 million cases, 6 percent above 1968 but 2 percent under 1967's record 4.9 million cases.

Deciduous fruit trees in the western Cape area were reported damaged by a cold spell during September 1969. Although the extent of damage is presently unknown, a smaller 1970 crop is expected.

A joint marketing board for all canning fruit in South Africa, to be formed in 1970, has been proposed. The board will replace the Canning Apricot-Peach Board and control the marketing of all apricots, peaches, pears, and pineapples intended for canning.

SOUTH AFRICA'S CANNED FRUIT PRODUCTION

Commodity	1967	1968	1969 ¹
	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>
	<i>cases²</i>	<i>cases²</i>	<i>cases²</i>
Peaches	4,912	4,541	4,805
Clingstone	4,865	4,534	—
Freestone	47	7	—
Apricots	743	591	690
Pears	1,250	1,302	1,440
Fruit salad ³	738	1,013	1,170
Total	7,643	7,447	8,105

¹ Estimated. ² Basis 24/2½'s (45 lbs.) ³ Includes fruit cocktail.

Indian Walnut Crop Drops

India's 1969 walnut crop is estimated at 13,200 short tons (kernel basis), 14 percent below the 15,400-ton 1968 crop. Heavy snowfall during the flowering period and unseasonal rains are responsible for the reduction.

Exports of 1968 crop walnuts are placed at 10,500 tons, approximately 70 percent above 1967's total of 6,200 tons. The United Kingdom is India's largest customer, followed by Canada, the United States, and the East European countries.

India does not import walnuts; thus exporters and domestic dealers must compete for the domestic production. In recent years, 40 to 50 percent of the crop has been consumed domestically and the remaining portion exported. In 1968, however, exports accounted for 68 percent of the crop. Trade sources believe 1969 crop distribution will follow last year's pattern.

INDIA'S WALNUT SUPPLY AND DISTRIBUTION

Item	1966-67	1967-68	1968-69
	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>
	<i>short</i>	<i>short</i>	<i>short</i>
	<i>tons</i>	<i>tons</i>	<i>tons</i>
Beginning stocks (Oct. 1)	0.3	0.2	0.2
Production	17.5	12.0	15.5
Total supply	17.8	12.2	15.7
Exports	9.7	6.2	10.5
Domestic disappearance	7.9	5.8	5.0
Ending stocks (Sept. 30)2	.2	.2
Total distribution	17.8	12.2	15.7

Increased Yugoslav Prune Pack

Preliminary reports indicate that the 1969 Yugoslav prune pack will be the largest in 5 years. Production is currently estimated at 27,000 short tons, nearly double the 14,100-ton 1968 pack. As a result of the smaller 1968 pack, 1968-69 exports dropped approximately 6,300 tons to 7,700 tons.

In 1968, the government introduced a new guaranteed purchase price system in an attempt to increase the quality and competitiveness of its prunes in foreign markets. The government does not guarantee prices for prunes dried in old, primitive driers and not sterilized. Guaranteed prices set for the 1968 pack remain in effect. Those published in the March 24, 1969, issue of *Foreign Agriculture*, which were incorrect, are corrected below:

Count per pound:	Cents per pound
96-100	9.8
86-95	10.2
Up to 85	10.5

SUPPLY AND DISTRIBUTION OF YUGOSLAV DRIED PRUNES

Item	Average	1965-	1966-	1967-	1968-
	1961-65	66	67	68	69
	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>
	<i>short</i>	<i>short</i>	<i>short</i>	<i>short</i>	<i>short</i>
	<i>tons</i>	<i>tons</i>	<i>tons</i>	<i>tons</i>	<i>tons</i>
Beginning stocks (Oct. 1)	8.1	9.3	2.3	5.0	6.6
Production	27.7	6.4	20.0	25.2	14.1
Total supply	35.8	15.7	22.3	30.2	20.7
Exports	19.2	6.9	8.0	14.0	7.7
Domestic disappearance	8.6	6.5	9.3	9.6	10.2
Ending stocks (Sept. 30)	8.0	2.3	5.0	6.6	2.8
Total distribution	35.8	15.7	22.3	30.2	20.7

Turkey's Pistachio Production Revised

Turkey's 1968 pistachio production has been placed at 13,000 short tons in-shell basis, 3,000 tons above previous estimates. 1968 exports are placed at 3,500 tons, 17 percent above 1967's total of 3,000 tons. Approximately 6,500 tons of 1968-crop nuts were carried into the 1969 season.

The 1969 production of pistachios, a cyclical crop, is forecast at 4,500 tons, 65 percent below the large 1968 crop.

Canada's Latest Oilseed Estimates

The October estimates of flaxseed and rapeseed production in Canada were slightly below the forecasts released in September by the Dominion Bureau of Statistics. Flaxseed production is now estimated at 31.3 million bushels, compared with 32.8 million forecast a month ago. Nonetheless, production this year is expected to be 59 percent above last year's outturn of 19.7 million bushels and second only to the record 35.0 million produced in 1956.

The rapeseed production estimate was lowered to 36.7 million bushels from the 37.6 million forecast in September; but a record crop is still expected—89 percent above the 19.4 million produced in 1968 and 42 percent above the peak level attained in 1966. Acreage seeded to rapeseed in 1969 also established a new record, but yields per acre of 18.2 bushels were down 1 percent from the 1968 outturn of 18.4 bushels.

Soybean production was forecast at 7.6 million bushels, 16 percent below the 1968 crop of 9.0 million. Yields per acre were estimated at 23.6 bushels, compared with 30.6 bushels last year. The current estimates were based on yields indicated as of September 15.

The area sown to sunflowerseed was reported at 51,500 acres, compared with 40,000 acres planted in 1968. Production in the Province of Manitoba totaled 34.0 million pounds, 42 percent above last year's. Production data for Saskatchewan and Alberta are not yet available.

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Foreign Agriculture

Canadian Hog Survey, September 1969

The Dominion Bureau of Statistics (DBS) reports that the total number of hogs in Canada as of September 1, 1969, is estimated at 6,090,000, up 6 percent from 5,769,000 the previous September 1. In eastern Canada, numbers increased by 1 percent, in western Canada by 11 percent. Numbers increased in all Provinces except Nova Scotia and Quebec.

Sows farrowed in the third quarter are estimated at 301,500, up 1 percent from the corresponding quarter of 1968. Farmers' reports indicate that fourth quarter farrowings, if realized, could be 310,600, up 11 percent from the fourth quarter of 1968. Farrowings for the entire fall period June-December are now estimated to be 6 percent above those of last year.

Total hog carcasses graded in federally inspected and approved packing plants up to September 27, 1969, are reported to be 5,515,746, compared with 6,199,531 last year, or down about 11 percent.

HOGS ON CANADIAN FARMS¹

Region	Sept. 1, 1968			Sept. 1, 1969		
	Age 6 months or over	Age 6 months under	Total	Age 6 months or over	Age 6 months under	Total
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
East	654.0	2,693.0	3,338.0	656.0	2,727.0	3,383.0
West	566.0	1,865.0	2,431.0	593.0	2,114.0	2,707.0
All Canada	1,211.0	4,558.0	5,769.0	1,249.0	4,841.0	6,090.0

¹ Excluding Newfoundland.

DBS Livestock Surveys, Hogs, Sept. 1, 1969.

CANADIAN SOW FARROWINGS¹ [Estimates by quarter]

Region	June-August		September-November			
	1968	1969	1969 as percent of 1968	1968	Expected 1969	1969 as percent of 1968
				1,000 head	1,000 head	Percent
East	182.5	175.4	96	169.7	184.4	109
West	117.3	126.1	108	109.0	126.2	116
All Canada	290.8	301.5	101	278.7	310.6	111

¹ Excluding Newfoundland.

DBS Livestock Surveys, Hogs, Sept. 1, 1969.

Argentine Grain Board Limits Exports

The Argentine National Grain Board has informally asked private trading firms to make forward sales of 1969-70 crop bread wheat only to traditional Latin American markets,

until the crop production level is known. (Durum wheat is not affected by this export sales restriction, and a substantial portion of the expected good crop has reportedly already been contracted.)

The purpose of this request on bread wheat is to avoid repetition of the 1968-69 experience when substantial forward sales were made to non-Latin American destinations before weather damage had seriously reduced the crop. As a result, after meeting Latin American export commitments, Argentina was forced to import wheat this year to supply the domestic market.

Shippers are expected to comply with the Board request. The alternative to this request would probably be an official directive. Prior to these actions, some sales had already been made to Europe in limited volume. Current quotations are around \$54.50 per metric ton f.o.b.

The prospects for the 1969-70 crop are still uncertain. More rain is needed in the north, where part of the crop has already been lost; but Buenos Aires and La Pampa Provinces are generally in good condition.

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Corrections: Issue of Sept. 22, 1969, page 15, col. 2, 1969 Total for Cigarette leaf, flue and burley (line 14) should read "3,399" not "3,339". Issue of Oct. 13, 1969, page 11, col. 1, heading over each of last two columns should read "Aug." not "Aug-July" as the numbers in these columns refer to exports in the month of August only.